

GEORGE ARTHUR.

The Lieutenant Governor transmits for the information of the House of Assembly, Copies of Four Despatches which he has received from the Right Honourable the Secretary of State for the Colonies, containing the answers of Her Most Gracious Majesty to the several joint Addresses of the two Houses of the Legislature to Her Majesty, during the last Session, referred to in the annexed Schedule.

Government House,
11th March, 1839,

SCHEDULE of Despatches from the Secretary of State for the Colonies, containing the answers of Her Majesty to the several Joint Addresses of the Legislative Council and House of Assembly, to Her Majesty, during the Session of 1837-8, referred to in the Lieutenant Governors' Message to the House of Assembly of the 11th March 1839.

DESPATCH.			ADDRESS.
No.	Date.	Date.	SUBJECT.
61	1838 April 25.	1838 Feb'y. 28	The Post Office Department in this Province;—and the imposition of a duty of 2½ per cent <i>ad valorem</i> on Goods imported into Lower Canada, in payment of the Interest of the Public Debt of this Province.
63	" 27		Survey of the Dalhousie Harbour.
65	" 29		Grant of 5000 Acres of Land to Col. FitzGibbon.
106	June 30		Post Office Department.

(COPY.) No. 61.

Downing Street,
25th April, 1838.

SIR :

I have to acknowledge Sir Francis Head's Despatch of 12th March last, No. 31, enclosing two Addresses from the Legislative Council and House of Assembly of Upper Canada—the first praying that a Bill may be introduced into the Imperial Parliament for surrendering the surplus profits of the Post Office in that Province to the control of the local Legislature—the second suggesting the imposition of a duty of two and a half per cent. *ad valorem* on all goods imported into Lower Canada, to be applied to the payment of the interest of the debt contracted by Upper Canada in the construction of public works, and the improvement of the channels of internal communication.

I have had the honor to lay these Addresses at the Foot of the Throne, and Her Majesty was pleased to receive them very graciously, and to direct that they should be referred for the consideration of the Lords Commissioners of Her Majesty's Treasury.

I have the honor to be,
&c. &c. &c.
(Signed,)

GLENELG.

Major-General
SIR GEORGE ARTHUR,
&c. &c. &c.

(COPY.) No. 63.

Downing Street,
27th April, 1838.

SIR :

I have to acknowledge Sir Francis Head's Despatch of the 8th March, No. 25, enclosing a Joint Address to the Throne from the Legislative Council and House of Assembly of Upper Canada, praying that a grant may be made to Colonel FitzGibbon of 5,000 acres of the waste lands of the Crown.

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(PRINTED BY ORDER OF THE HOUSE OF ASSEMBLY.)



W. J. COATES, PRINTER.

DESPATCHES

*On various Subjects in Answer to sundry
Addresses to Her Majesty's Govern-
ment.*

I have laid this Address at the Foot of the Throne, and Her Majesty has commanded me to express Her gratification at the honorable testimony borne by both Branches of the Provincial Legislature to the services of Colonel FitzGibbon.

If it should be the pleasure of the two Houses of the local Legislature to mark their sense of that officer's services by a pecuniary grant, it will afford Her Majesty much satisfaction to give her assent to any act which may be passed for that purpose. But Her Majesty is advised that, consistently with the terms of the Act of the local Legislature on the subject of the alienation of the waste lands of the Crown, and with the principles on which that Act proceeds, Her Majesty could not make the proposed compensation to Colonel FitzGibbon, in the form of a Grant of Land.

I have the honor to be,
&c. &c. &c.
(Signed.)

GLENELG.

Major-General
Sir GEORGE ARTHUR,
&c. &c. &c.



(COPY.) No. 65.

Downing Street,
29th April, 1838.

SIR:

I have to acknowledge Sir F. Head's Despatch of 17th March last, No. 33, enclosing an Address to the Throne from the two Houses of the Provincial Legislature, praying that Instructions may be issued for a survey of the Harbour at Port Dalhousie, at the Western extremity of Lake Ontario.

I have had the honor to lay this Address at the Foot of the Throne, and Her Majesty has been pleased, to command that in conformity with the wish of Her faithful subjects, the Legislative Council and House of Assembly of Upper Canada, the Commander-in-Chief of Her Majesty's Forces in Canada, should be directed to cause a survey of that Harbour to be forthwith made.

I have the honor to be,
&c. &c. &c.
(Signed.)

GLENELG.

Major-General
Sir GEORGE ARTHUR,
&c. &c. &c.



(COPY.) No. 106.

Downing Street,
30th June, 1838.

SIR:

With reference to my Despatch of the 25th April last, No. 61, I transmit herewith for your information, a copy of the letter addressed to this Office by direction of the Lords Commissioners of the Treasury, on the subject of the Addresses to Her Majesty from the Legislative Council and House of Assembly of Upper Canada, relative to the surrender of the surplus Revenue arising from the Post Office, and the imposition of an import duty, applicable to the interest of the debt contracted by Upper Canada in the construction of public works. In conformity with the suggestions of the Lords of the Treasury, I have referred these Addresses to the Earl of Durham, and I have to request that you will put yourself in communication with His Lordship, and afford him every information in your power on the subjects to which they refer.

I have the honor to be,
&c. &c. &c.
(Signed.)

GLENELG.

Major-General
Sir GEORGE ARTHUR,
&c. &c. &c.



(COPY.)

Treasury Chambers,
13th June, 1838.

SIR:

The Lords Commissioners of Her Majesty's Treasury having had under their consideration your letter dated 30th April, with the two Addresses from the Legislative Council and House of Assembly of Upper Canada, therein enclosed, the first praying that a Bill may be introduced into the Imperial Parliament for surrendering the surplus profits of the Post Office in that Province to the control of the local Legislature—the second suggesting the imposition of a duty of 2½ per cent *ad valorem* on all goods imported into Lower Canada, to be applied to the payment of the interest of the debt contracted by Upper Canada in the construction of Public works &c. I have it in command from their Lordships to request you will state to Lord Glenelg that, as regards the question of the surplus Revenue of the Post Office, it appears to

my Lords that the subject can only be satisfactorily disposed of by some conjoint arrangement of the Legislatures of the Canadian Provinces, on the basis contemplated by the Act 4th and 5th Wm., 4th ch. 7, and that my Lords cannot doubt but that the early attention of the Earl of Durham will be given to the subject, and they will be fully prepared to enter upon the consideration of any measures that may be proposed, for the adoption of the Legislatures of the North American Provinces, in conformity with the principles recognised by that Act.

With respect to the proposition relating to an additional duty of 2½ per cent *ad valorem* on articles imported into the Ports of Lower Canada, I am directed to request that you will further observe to Lord Glenelg that it appears to my Lords, that any such measure ought likewise to be the subject of mutual arrangement between the Legislatures of the Canadian Provinces, and they would suggest that the address should be referred for the consideration of the Earl of Durham.

I am &c.

(Signed)

A. Y. SPEARMAN.

JOSEPH STEPHEN, Esq.
&c. &c. &c.

GEORGE ARTHUR.

The Lieutenant Governor transmits for the information of the House of Assembly, Copies of Ten Despatches received by him from the Right Honourable the Secretary of State for the Colonies, containing the answers of Her Most Gracious Majesty, to the several addresses of the House to Her Majesty, during the last Session, referred to in the annexed Schedule.

Government House,
11th March, 1839.

SCHEDULE of Despatches from the Secretary of State for the Colonies, containing the answers of Her Majesty to the several separate addresses from the House of Assembly to Her Majesty during the Session of 1837-8, referred to in the Lieutenant Governor's Message to the House, of the 11th of March 1839.

No. & Date of Despatch	DATE AND	SUBJECT OF ADDRESS.
	1838	1838
30	2 March,	1 Jan'y. Condolence on the demise of His late Majesty.
73	25 May,)	25 Feb'y. On the state of the Canadian Provinces.
71	25 May,)	27 Feb'y. Requesting the repeal of the Imperial Act 4, Geo. 3, relative to Paper
111	17 July,)	27 Feb'y. Bills of Credit.
75	25 May,)	26 Feb'y. Requesting that the charge now borne on the Casual and Territorial
		Revenue for religious purposes, be transferred to the fund arising
76	25 May,)	27 Feb'y. out of the Sales and Rents of the Clergy Reserves.
137	31 Aug't.)	26 Feb'y. Prays a re consideration by the Lords of the Committee of Trade, of
		the opinions expressed by them on the 2nd May 1837, relative to
77	25 May,)	15 Feb'y. the Trade and Commerce of Upper Canada.
		Prays that Her Majesty would recommend to Parliament the passing
85	31 May,)	26 Feb'y. of an act to determine the division between Upper and Lower
		Canada, of the duties arising from Imports at Quebec.
107	30 June,)	15 Feb'y. Respecting the late attempts of American Citizens to invade the
		Canadas.
		26 Feb'y. Respecting the funding in Provincial Debentures of all monies raised
		within the Province from the sale of Crown Lands—Clergy
		Reserves—Indian lands—or any other source—which may now
		be invested in the British Funds.

(COPY.) No. 39.

Downing Street,
2nd March, 1838.

SIR:

I have had the honor to receive and to lay before the Queen, Sir Francis Head's Despatch No. 6, of the 13th January, forwarding an address to Her Majesty from the House of Assembly of Upper Canada.

The Queen has commanded me to instruct you to acquaint the House of Assembly, that Her Majesty has read with much gratification their loyal and dutiful address.

I have the honor to be

&c. &c. &c.

(Signed,)

GLENELG.

Major-General
SIR GEORGE ARTHUR,
&c. &c. &c.

(COPY.) No. 73.

Downing Street,
25th May, 1838.

SIR:

I have had the honor to lay before the Queen the address from the House of Assembly of Upper Canada of the 25th February, explaining the views of that House on the present state of the Canadian Provinces, and the expediency of taking measures for their union.

Her Majesty commands me to state that she is deeply impressed with the importance of the subjects to which this address and the accompanying documents refer. Her Majesty has entrusted to the Earl of Durham, the Governor General of British North America, such powers as will enable him to investigate the whole of these questions, and to prepare for the consideration of Parliament such measures as may be necessary for placing the relations of the two Canadas on a firm and satisfactory basis, and with a view to assist His Lordship in prosecuting those enquiries, the Queen has referred to him this Address and the accompanying Report, and has commanded him to take into his attentive consideration the various suggestions made by the Assembly of Upper Canada.

I have the honor to be,

&c. &c. &c.

(Signed,)

GLENELG.

Major-General
SIR GEORGE ARTHUR,
&c. &c. &c.

(COPY.) No. 74.

Downing Street,
25th May, 1838.

SIR:

I have had the honor to lay at the Foot of the Throne the Address to Her Majesty from the House of Assembly of Upper Canada, dated the 27th February, praying that Her Majesty will recommend to the Imperial Parliament the repeal of the Act, 4th George 3d, which prohibits Paper Bills of Credit issued in any of the Colonies or Plantations of America from being declared to be a legal tender.

The Queen was pleased to receive this Address very graciously, and to direct that it should be referred for the consideration of the Lords Commissioners of Her Majesty's Treasury. So soon as their Lordships shall report to me the result of their deliberation on this subject, I shall have the honor of addressing to you a further communication respecting it.

I have the honor to be,

&c. &c. &c.

(Signed,)

GLENELG.

Major-General
SIR GEORGE ARTHUR,
&c. &c. &c.

(COPY.) No. 75.

Downing Street,
25th May, 1838.

SIR:

I have had the honor to lay at the Foot of the Throne the Address to Her Majesty from the House of Assembly of Upper Canada, dated the 26th February last, stating the opinion of that House that the charge now borne on the Casual and Territorial Revenue of the Province, for religious purposes, should be transferred to the Fund arising out of the sales and leases of the Clergy Reserves.

Her Majesty was pleased to receive this Address very graciously, and she has commanded me to state to you in reply, that under the existing arrangements, in proportion as the income arising from the sales and leases of Clergy Reserves shall increase, the charge now sustained by the Casual and Territorial Revenue, on account of the Clergy of the Churches of England and Scotland will be diminished, but that an immediate transfer of the whole of that charge to the Clergy Reserve Fund would occasion a very great deficiency in the amount applicable towards the support of the Ministers of those Churches now stationed in the Province.

I have the honor to be,

&c. &c. &c.

(Signed,)

GLENELG.

Major-General
SIR GEORGE ARTHUR,
&c. &c. &c.

Her Majesty

(COPY.) No. 76.

Downing Street,
25th May, 1838.

SIR:

I have had the honor to lay before the Queen, the address to Her Majesty from the House of Assembly of Upper Canada, dated 27th February, praying a reconsideration by the Lords of the Committee of Trade and Plantations, of the opinions expressed by them on the 2nd May 1837, relative to the Trade and Commerce of Upper Canada.

Her Majesty has commanded me to refer this address and the resolutions by which it is accompanied to the Lords of the Committee of Privy Council for Trade, and the result of their Lordships' deliberations on the subject will be communicated to you for the information of the House of Assembly, so soon as that result shall have been submitted to Her Majesty and shall have received Her sanction.

I have the honor to be

&c. &c. &c.
(Signed,)

GLENELG.

Major General

SIR GEORGE ARTHUR,
&c. &c. &c.

(COPY.) No. 137.

Downing Street,
31st August, 1838.

SIR:

With reference to my despatch of the 25th May last, No. 76, I have now the honor to inform you that the Lords of the Committee of Privy Council for Trade, having had under their consideration the Address to Her Majesty from the House of Assembly of Upper Canada, dated the 27th February last, together with the resolutions on which that address is presented relative to the Trade and Commerce of Upper Canada, have reported to me that it would not in their opinion be proper to permit tea to be brought into that Province from the United States, under the hope of thereby preventing its illicit introduction by that channel.

Their Lordships observe that there is no Imperial duty on tea in Canada, and as the smuggler would still endeavour to evade the Colonial duty, an important principle of the navigation laws of this country would be abandoned in vain.

For this reason therefore, and for those stated in the letter from their Lordships' Secretary of 2nd May 1837, they feel themselves precluded from recommending to Parliament those changes in the navigation Law,—in the Colonial system—and in the corn laws of the United Kingdom—the attainment of which is the object of the address from the House of Assembly of Upper Canada.

I have the honor to be

&c. &c. &c.
(Signed,)

GLENELG.

Major General

SIR GEORGE ARTHUR,
&c. &c. &c.

(COPY.) No. 77.

Downing Street,
25th May, 1838.

SIR:

I have had the honor to lay at the Foot of the Throne the address to Her Majesty from the House of Assembly of Upper Canada, dated the 26th February last, praying that Her Majesty would recommend to the Imperial Parliament, the passing of an Act to determine the division between the Provinces of Upper and Lower Canada of the duties arising from Imports at the Port of Quebec. The Queen was pleased to receive this address very graciously, but Her Majesty commands me to state that she is not in possession of the information necessary for fixing any determinate rule for the division of duties between the two Provinces. It would seem to admit of serious doubt whether the distribution ought not to fluctuate with the varying proportion which must subsist at different times between the contributions made by either Province to this branch of the Revenue, and therefore whether it is not indispensable that the division should continue as at present, subject to periodical revisions. For these reasons it will not be possible to bring the subject under the consideration of Parliament during the present Session, but Her Majesty has referred it to the consideration of the Earl of Durham, and will await his opinion before any decision is finally taken respecting the reference of the question to the Imperial Parliament.

I have the honor to be,

&c. &c. &c.
(Signed,)

GLENELG.

Major-General

SIR GEORGE ARTHUR,
&c. &c. &c.

(COPY.) No. 85.

Downing Street,
31st May, 1838.

SIR:

I have had the honor to lay before the Queen, the address to Her Majesty from the House of Assembly of Upper Canada, dated the 15th February last, on the subject of the late attempts of American Citizens to invade Her Majesty's Dominions in British North America, and praying that effective steps may be taken for the future protection of the Province of Upper Canada from any similar attacks.

Her Majesty has received this address very graciously, and has commanded me to apprise the House of Assembly of Upper Canada in reply, that she is engaged in communications with the Government of the United States on the subject to which it refers; and Her Majesty trusts that the questions depending between the two Countries will be adjusted in such a manner as will be compatible with the Honor of Her Majesty's Crown, the just rights of Her faithful Canadian subjects, and the friendly relations subsisting between the two Countries.

I have the honor to be,
&c. &c. &c.
(Signed)

GLENELG.

Major General

SIR GEORGE ARTHUR, K. C. H.
&c. &c. &c.

(COPY.) No. 114.

Downing Street,
17th July, 1838.

SIR:

With reference to my Despatch of the 25th May last, No. 74, I transmit herewith for your information, the copy of a letter from the Secretary to the Lords Commissioners of Her Majesty's Treasury, conveying their Lordships' views on the Address from the House of Assembly of Upper Canada, praying for the repeal of the Imperial Statute, 4th George 3d, ch. 34, by which Paper Bills of Credit issued in any of the American Colonies or Plantations, are prohibited from being constituted a legal tender.

I have the honor to be,
&c. &c. &c.
(Signed)

GLENELG.

Major-General

SIR GEORGE ARTHUR,
&c. &c. &c.

(COPY.)

Treasury Chamber,
7th July, 1838.

SIR:

Having laid before the Lords Commissioners of Her Majesty's Treasury, your letter, dated 28th May, submitting, by direction of the Secretary of State for the Colonies, for the consideration of this Board, an Address to the Queen from the House of Assembly of Upper Canada, praying for the repeal of the Imperial Statute, 4th Geo. 3d, c. 34, which prohibits Paper Bills of Credit issued in any of the American Colonies or Plantations from being constituted a legal tender, I have it in command from their Lordships to request you will draw the attention of Lord Glenelg to the fact, that the Act, of which the House of Assembly of Upper Canada pray the repeal, has been very considerably modified, by the subsequent enactment of 13th Geo. 3, c. 57, and that you will state to His Lordship that, as it appears to my Lords that it would be extremely inexpedient that any further repeal of the former Act should be recommended to Parliament, their Lordships would suggest that he should desire the Lieutenant-Governor of Upper Canada to draw the attention of the House of Assembly to the Act of 13th Geo. 3, cap. 57, and to express the confident expectation of Her Majesty's Government, that the powers which may be exercised under the authority thereof, are such as will enable the Provincial Legislature to adopt all expedient measures for the advancement of the prosperity of a Colony in the welfare of which Her Majesty feels so deep an interest.

I have &c.
(Signed) A. Y. SPEARMAN.

JAMES STEPHEN, ESQ.
&c. &c. &c.

(COPY.) No. 107.

Downing Street,
30th June, 1838.

SIR:

I have had the honor to lay at the Foot of the Throne the Address to Her Majesty from the House of Assembly of Upper Canada, dated 20th February, praying that Her Majesty will direct to be speedily funded, in Provincial Debentures, such monies as may have been raised within the Province from the sale of Public Lands, Clergy Reserves, Indian Lands, or any other source, and which may now be invested in the funds of this country or elsewhere.

Her Majesty was pleased to receive this Address very graciously, but she commands me to state that she is not aware of any monies falling within the terms of it, excepting those produced by the sale of Clergy Reserves, and of Lands belonging to the Six Nation Indians.

The question of transferring the latter monies to Provincial securities, was first brought under the consideration of Her Majesty's Government, in the course of last year, by Mr. Dunn, but the Lords Commissioners of the Treasury, to whom it was referred, have considered that they are not in possession of sufficient information as to the nature and particulars of the investments on this account, or of the terms of the trust under which the Fund is administered by Mr. Dunn and his co-trustees, to enable them to decide on the propriety or expediency of transferring the investments to the Provincial Debentures, I have therefore to desire that you will transmit to me, for the consideration of their Lordships, a full report on this subject.

With respect to the proceeds of the Sales of Clergy Reserves:—The Queen commands me to state, that without the consent of Parliament, Her Majesty could not alter the investment which has been made in pursuance of the Act 7 & 8 Geo. 4, c. 62.

But adverting to the Provisions of that Act, and of the sections of the Statute 31 Geo. 3, c. 31, which relates to the Clergy Reserves, and having reference also to the object and intentions with which those Reserves were created, it appears to Her Majesty that it would be inexpedient to apply to Parliament for the necessary powers to alter the investment of the proceeds of the Sales of those Reserves effected under the Act 7, and 8, Geo. 4, c. 62.

I have the honor to be,

&c. &c. &c.

(Signed.)

GLENELG.

Major-General

SIR GEORGE ARTHUR,
&c. &c. &c.

(COPY) No. 148.

Downing Street,
5th October, 1838.

SIR:

I have received your Despatch No. 53, of the 8th August, reporting the arrangements in progress for the early return to cash payments by the Chartered Banks of Upper Canada, which had been under the necessity of suspending Specie Payments.

I have communicated your Despatch to the Board of Trade and to the Lords of the Treasury. The latter have informed me that, as those establishments were, at the date of your Despatch, about to take measures for the resumption of cash payments, and as their Lordships feel assured that you will not assent to any renewal of the enactments by which the Banks are empowered to suspend the redemption of their notes in Specie—without due provision being made for the observance of the condition that no dividend shall be issued to the Shareholders during the period of such suspension, their Lordships do not consider it necessary at present to suggest any further instructions to you on the subject.

I have the honor to be,

&c. &c. &c.

(Signed.)

GLENELG.

Major-General

SIR GEORGE ARTHUR, K. C. H.
&c. &c. &c.

(COPY) No. 192.

Downing Street,
13th December, 1838.

SIR:

Amongst the Acts passed by the Legislature of Upper Canada during their last Session, on which the pleasure of Her Majesty has not yet been signified is, the "Act to repeal and amend part of an Act passed in the last Session, entitled an Act to authorise the chartered Banks in this Province to suspend the redemption of their notes in specie, under certain regulations for a limited time, and for other purposes therein mentioned."

I have referred this Act for the consideration of the Lords Commissioners of the Treasury, and the Lords of the Committee of Privy Council for Trade. Their Lordships observe that although the peculiar financial position of the North American Continent in the year 1837, and above all the example of the United States, may have afforded some ground for the Act passed in that year, no sufficient cause appears to them to have existed in 1838, for the renewal of that Act, and still less for the removal of the restrictions which were imposed by it. The legalizing of a system of inconvertible paper money, is, in their Lordships' opinion, strongly to be deprecated. Plausible grounds, they remark, may easily be found, for renewing Bills of this kind year after year, and it accordingly becomes necessary at once to refuse the sanction of Her Majesty's Government to such measures. Their Lordships therefore cannot assent to the principle of the Act under consideration, when provision is not made for preventing any distribution by the Banks of profits during the period of the suspensions of specie payment. As, however, the Act will shortly expire, Her Majesty's Government do not consider it necessary to advise the disallowance of it, but I have to desire that if any similar Bill shall be hereafter introduced into the Legislature, you will make it generally known, that unless it should contain the restriction to which I have just adverted, you will be compelled to withhold your assent from it.

The Lords Commissioners of the Treasury have further requested that I would call your attention to the provisions of the Act 1st Vict. c. 4, by which the Act 7 and 8 Wm. 4, cap. 2., and all other Acts which would otherwise have expired with the Session of 1838, were continued. They observe that the effect of this Act is highly inconvenient, inasmuch as by the indiscriminate extensions of expiring laws, Her Majesty's Government are virtually prevented from expressing any opinion on the policy of continuing enactments passed, like that for the suspension of specie payments to meet a case of pressing and special emergency.

Having thus explained to you the views of Her Majesty's Government on this subject, and the course which they consider that, under ordinary circumstances, it would be proper for you to adopt with reference to it, I think it right in the present position of affairs in Canada, to entrust you with the discretion of not acting on these instructions,—should you have reason to believe that during the coming Session of the Provincial Legislature the enforcement of them would be attended with prejudice to the public interests.

I have the honor to be,

SIR,

Your most obedient humble servant,

(Signed.)

GLENNELG.

Major-General

SIR GEORGE ARTHUR, T. C. H.,
 &c. &c. &c.

(COPY.) No. 11.

Castle of St. Louis,
 Québec, 9th October, 1838.

SIR:

I have the honor to acknowledge the receipt of Your Excellency's Despatches, No. 15, of the 15th of August, and No. 20, of the 28th ultimo, with their respective inclosures. The first relates to the propriety of placing the surplus Revenues of the Post Office, accruing in Upper Canada, at the disposal of the Legislature of that Province, and also of imposing an additional duty of 2½ per cent. at Québec. The second relates to the suspension of specie payments in Upper Canada, particularly calling my attention to the state of the Metallic Currency of the two Canadas.

I answer these two Despatches, together, because, with the exception of expressing my regret that the Banks of Upper Canada do not see the practicability of a speedy resumption of Specie payments, I have only to state that I cannot take any steps with respect to any of these questions so important to the mutual relations and future prosperity of these Provinces, because I deem it inadvisable that I should, on the eve of my departure, commence any new series of measures affecting any but the ordinary business of the Government of this Province.

The matters to which Your Excellency calls my attention and in which you invite my co-operation, require grave deliberation and the most perfect union on the part of both Provinces. They are all of a kind on which it is necessary that the Public opinion of both Provinces should be consulted ere a course of policy is definitively adopted. And I cannot help thinking that the circumstance that three such questions as those of the currency and Banking, the management of the Post Office, and the rate of Customs' duties in the two Provinces, require at the same time the adoption of some common measures on the part of the Legislature, or of the Executive, points out the necessity, for mutual convenience and the common welfare, of the existence of some general Government that might regulate all matters of general concern to the two Canadas and the other Provinces of British North America.

I have the honor to be,

&c. &c. &c.

(Signed.)

DURHAM.

His Excellency Major-General

SIR GEORGE ARTHUR,
 &c. &c. &c.

(COPY.) No. 6.

Barnum Street,
 28th December, 1837.

SIR:

On your arrival in Upper Canada, it is necessary that you should be prepared to communicate to the Legislative Council and Assembly, the answer of the Queen to the joint address of the two Houses of the 16th of February last, praying that the Instructions which on the 31st of August 1836, I addressed to Sir Francis Head on the subject of Bills incorporating Banking Companies, and otherwise affecting the monetary system of the Province might be revoked. I have therefore received Her Majesty's commands to address to you the following communication comprising Her Majesty's answer to that address.

The motives by which His late Majesty's Instructions on this subject were dictated, were of no light or ordinary kind. Anxiously observing the progress of commercial speculations in different parts of the world, and especially on the North American Continent, the ministers of the Crown perceived but too much reason to anticipate the rapid approach of a period at which the multiplication of various conventional substitutes for Gold and Silver money would involve the British North American Provinces in financial difficulties of the most serious character. The effect of such a state of things upon the operations of the Commodity, and upon the Commercial relations of Great Britain, not only with the British Provinces, but with many Foreign States, became the subject of serious concern.

The single resource of which the Crown could avail itself to avert the apprehended danger was to be found in the power of disallowing any Legislative Acts which might be unadvisedly passed for purposes of this nature. But the objections to resorting to this resource were of the most weighty character, the Prerogative in question is, for obvious reasons, always most reluctantly employed and independently of the dissatisfaction which the frequent use of it must occasion, it would, in the cases to which my instructions referred, have been productive of very serious embarrassments.

The disallowance of Acts on the credit of which large Capitals had already been embarked, and many commercial transactions undertaken, would have been a measure of the most extreme difficulty. The Reservation of these Laws for the sanction of the Crown before they actually came into operation, appeared, therefore, to be the only practicable resource.

The occurrences of the Spring and Summer of the present year, sufficiently show that there were not wanting the most powerful motives for this precautionary regulation. It prevented the establishments of Banks with nominal Capitals of more than four millions Sterling, on the eve of the most remarkable Commercial crisis which has ever occurred on the North American Continent. Thus if it could not avert, it has at least mitigated to a very great extent, the calamities with which the Province was visited in consequence of the suspension of cash payments in the United States of America.

It was not however in reference to occasional motives only, or to a policy merely temporary, that the Instructions in question were written. Reasons too obvious and familiar to demand particular explanation, require that the monetary system of every country should be regulated by fixed and uniform principles, and the Royal prerogative of determining the standard of the current coin, would be practically taken away, or rendered useless to the great ends for which it is invested in the Sovereign, if Legislative Acts passed in the different Provinces should confide to various corporate Bodies the power of creating a paper currency without all the necessary limitations upon its extent, and legal character.

Powerful as these motives seemed to His late Majesty, and great as is the weight which the Queen still attaches to them, Her Majesty commands me to acknowledge that it would not be without extreme reluctance that she would persevere in maintaining the Instructions in question, in opposition to the concurrent opinion, and earnest, though most respectful advice, of the two Houses of the local Legislature. Receiving with the utmost deference their judgment on all questions of which the interest is chiefly, though not exclusively, local, the Queen gives the most conclusive proof of Her reliance on the wisdom of the Upper Canadian Legislature, by commanding you to apprise them that if on more mature consideration, and advertent to the commercial events of the present year, they should still retain the opinions which they have already expressed. Her Majesty is content that the Instructions of the 31st of August 1836, should be withdrawn. In that case, however, it appears to the Queen indispensable, that the local Legislature should adopt for their own guidance some general principles which would pervade all Legislation on subjects of this nature. I enclose for your and their information a series of rules, drawn up by the Lords of the Committee of Privy Council for Trade, for the guidance of Her Majesty's Government, as to the terms on which they ought to insist in all Charters for the Incorporation of Banking Companies, and those Rules Her Majesty commands me to recommend to the serious attention of the local Legislature, as prescribing various principles on this subject, which are recommended by great experience, and much careful reflection.

Such is the answer which it is Her Majesty's pleasure to return to the Joint Address of the Council and Assembly, an answer which I trust will be received by them as a proof of the earnest desire by which Her Majesty is animated to act in accordance with them for the promotion of the welfare of that important portion of the British Empire, to the advancement of the interests of which the labours of the Legislative Council and Assembly are more immediately directed.

I have, &c.

(Signed)

GLENELG.

Major-General
SIR GEORGE ARTHUR,
&c. &c. &c.

Extract of a Letter from the Board of Trade to James Stephen, Esq.,

Dated 26th April, 1837.

1st. That the sum to which the personal responsibility of the respective shareholders may be limited, should not be less than twice the amount of the shares held by each.

2nd. That the Bank should be bound to make up and publish, for the information of the proprietors, in some public newspaper circulating in the Colony where the Bank may be established, and in certain cases also in the London Gazette, general half-yearly accounts, shewing the whole of the amount of its debts and assets, at the close of each half year, shewing also the amount of its notes payable on demand, which had been in circulation in each week of such half year, together with the amount of the specie and other assets immediately available in each such week for the discharge of such notes, and that copies of such half yearly accounts should be laid before the Government of the Colony in which such Bank shall be established.

3rd.—That such Banks shall be at all times liable to furnish to the Governor of the Colony on his requisition similar accounts.

4th.—That the funds of the Bank should not be employed in Loans or advances upon Land, or other property not readily convertible into money—nor in the purchase of any such property; but be confined

to what are understood to be the legitimate operations of Banking—viz: advances upon Commercial Paper or Government Securities and general dealings in money and Bills of Exchange.

5th.—The introduction of provisions for the forfeiture of the Charter on any suspension of Cash payments which may continue for the space of sixty days.

6th.—For the conversion into Specie on demand of Paper issued by any Branch Banks at the place of issue, as well as at the principal Establishment.

7th.—For the payment of one half at least of the subscribed Capital prior to the Bank being opened for business, and of the whole within a period not exceeding twelve months from the date of such opening.

8th.—For the restriction of the amount of paper discounted on which the names of Directors or Officers of the Bank shall appear as Drawers, Acceptors, or Indorsors to an amount not exceeding one third part of the whole discounts of the Bank.

9th.—The prohibiting the Bank in its corporate capacity, from purchasing or holding its own stock.

10th.—A provision to be made for the responsibility of each share-holder continuing till a certain time; say one year after his share is transferred.

11.—No Notes under a specific amount (£1 or \$5) to be issued by the Company.

(COPY.) No. 184.

Downing Street,
14th December, 1838.

SIR:

The Act of the Legislature of Upper Canada, passed in the month of March last, entitled "An Act to authorise a Loan of money in London, and for other purposes therein mentioned," has engaged the serious attention of Her Majesty's Government, and especially of the Lords Commissioners of the Treasury.

By this Act the Receiver-General of Upper Canada is authorised to issue certain Debentures to the amount of £1,000,000 sterling, and the Lieutenant-Governor is then to direct those Debentures to be transmitted to Her Majesty's Government to be sold for the benefit of the Province, in such manner as they should please to direct, and for the best price that can be obtained for the same. It is further enacted "That so soon as any sum or sums of money shall be received by the Lords Commissioners of Her Majesty's Treasury upon any loan authorised to be raised by this Act, such sum or sums shall be applied towards redeeming the outstanding Debentures of the Government of the Province, which may then be due to the holders thereof, and for no other purpose whatever."

Independently of other objections to this law, the Lords of the Treasury are not prepared to authorize the transaction in their department of the business of any such agency as that contemplated by the Act, so that the Act must necessarily become imperative.

Her Majesty's Government are, however, unwilling to advise the Queen to proceed at once to the actual disallowance of this law.

That is a measure to which they would most reluctantly resort under any circumstances. You will therefore avail yourself of all your legitimate influence to induce the Provincial Legislature to repeal this Act, and until I shall be apprised of the results of those efforts, Her Majesty's decision upon it will be suspended.

The occasion suggests other important considerations of a more general nature. The enactment of Laws anticipating by Loans the future revenue of the Province, and sanctioning the issue of saleable Debentures, is a measure which may be productive of the most serious inconvenience, especially when, as in the present case, the amount of the transaction is very considerable. It is impossible but that the financial interests of the Empire at large should be seriously affected by such operations, and I have therefore to convey to you Her Majesty's Instructions that you do not assent to any future Act for the anticipation of the Colonial Revenue by loans, but that any such Laws should be reserved for the signification of Her Majesty's pleasure.

I have the honor to be
&c. &c. &c.
(Signed,)

GLENEIG.

Major General
SIR GEORGE ARTHUR,
&c. &c. &c.

Recd at Genl's 21 Dec 39

Genl's Office

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